

STATEMENT OF THE HONORABLE MICHAEL D. BARNES IN SUPPORT OF
MOTION TO ISSUE A SUBPOENA

I would like to take a few minutes to explain why I am compelled to recommend that the Subcommittee issue subpoenas for the records of bank accounts of brokers, suppliers and other individuals receiving payment from the Nicaraguan Humanitarian Assistance Office for goods and services purchased in Central America and provided to the contras.

We have just heard Mr. Conahan repeat the assertion he made before the Subcommittee in March, that the Administration has not complied with the law in instituting controls to avoid diversion of funds. Information provided to the Subcommittee pursuant to H. Res. 395, a resolution of inquiry introduced by Mr. Panetta, confirms the GAO's conclusion that there is no appropriate accounting for the money spent in the region. Our colleague Mr. Panetta had access to intelligence information which, according to the testimony he presented before the Committee last week, did not answer any of the questions he had.

The GAO and the Subcommittee have exhausted all avenues available to investigate what has happened to more than 60 percent of the funds approved by the Congress last year for

the contras. Let me explain what we have and what we are looking for. We have the payment vouchers by NHAO, invoices from the suppliers, and receipts from the suppliers acknowledging payment, but in between we don't have anything at all. We know that the money went into certain bank accounts, but we have no information on disbursements from those accounts. We are told by the Administration that the receipts are real, that the goods are reaching the contras, and that the funds are fully accounted for. But individuals formerly associated with the contras are now saying that the fighters are dying because of lack of adequate medicine and food and that skimming operations were set up with the use of false receipts to fatten the pockets of certain contra leaders.

This is an overt program, and ideally we should be able to go down to the region to look at the books of the brokers, suppliers, and others receiving funds under this program. But GAO was not allowed to travel to the region to interview them. The Department of State tried to obtain these records but was denied access. Furthermore, these individuals are not American citizens and do not reside in the United States, and therefore are beyond the reach of U.S. law. I intend to continue to consider ways to get at the records of the brokers and suppliers. Pending that, the next logical step is to look at the bank accounts.

I would like to make one thing clear. We are not going after the banks, nor do we suspect the banks of any wrong doing. A subpoena is a common practice, which the banks require before they can release such documents. We are looking for documents that would provide the missing paper link.

I believe that these documents will prove one of two things. Either the GAO was wrong, and the funds can be traced through the accounting mechanisms that the NHAO office created, or the GAO was right, the law has been violated, and we do not know what happened to over \$13 million of the taxpayers money.

Those who support assistance to the contras should be the first to support the Subcommittee's investigation. In order to erase any suspicion about this program, they should join us in demanding a complete accounting. That is our Congressional responsibility.

I urge my colleagues to support my motion.